

Sub

PARAMAQUE MINES LIMITED

ANNUAL REPORT

For the Year Ended December 31, 1968

PARAMAQUE MINES LIMITED

OFFICERS

S. A. PERRY - - - - - *President*
WM. PLEXMAN - - - - - *Managing Director*
G. D. PATTISON - - - - - *Vice-President*
R. D. BELL - - - - - *Secretary-Treasurer*
J. P. BRISBOIS - - - - - *Assistant Secretary-Treasurer*

DIRECTORS

R. D. BELL - - - - - Willowdale, Ont.
JOHN MAIDLOW - - - - - Toronto, Ont.
G. D. PATTISON - - - - - Aurora, Ont.
S. A. PERRY - - - - - Toronto, Ont.
WM. PLEXMAN - - - - - Toronto, Ont.

BANKERS

TORONTO-DOMINION BANK - - - - - Toronto, Ont.

AUDITORS

THORNE, GUNN, HELLIWELL & CHRISTENSON
Toronto, Ont.

TRANSFER AGENT AND REGISTRAR

CROWN TRUST COMPANY - - - - - Toronto, Ont.

HEAD OFFICE

Suite 509, 25 Adelaide Street West - Toronto 1, Ont.

PARAMAQUE MINES LIMITED

Suite 509, 25 Adelaide Street West

TORONTO 1, ONTARIO

Directors' Report

To the Shareholders,

PARAMAQUE MINES LIMITED.

Submitted herewith is the financial statement of your Company for the year ended December 31, 1968 with Auditors' Report thereon dated January 23, 1969.

During the past year, from April 23rd to June 19th, 1968, six (6) deep diamond drill holes for a total footage of 6427.0 feet were completed on the optioned Hart Property located in the southeast quarter of Eldorado Township, south Timmins area, Porcupine Mining Division, Province of Ontario. This drilling was directed towards investigating a zone known to contain values in nickel. Although several interesting nickel bearing intersections were obtained, an economic deposit was not outlined. The geological formation of the property is a favorable one for hosting nickel bearing deposits and considerable favorable areas remain to be investigated. In view of the aforesaid, your Company has exercised its option to purchase this property.

Subsequent to the above, your Company entered into an agreement with McWatters Gold Mines Limited, whereby McWatters would cause to be performed an aggregate of at least 5000 feet of diamond drilling, or shall expend at least \$35,000.00 in diamond drilling for which McWatters shall become the beneficial owner of 70% interest in the Eldorado property. In this regard, McWatters has already signed a drilling contract and actual drilling is scheduled to get underway during the month of June, 1969.

The properties in Langmuir Township, Watten and Halkirk Townships, Province of Ontario, as well as the property in Bourlamaque Township, Quebec, are being maintained in good standing. Sixteen claims held in Reid Township, Province of Ontario, were allowed to lapse.

On behalf of the Board of Directors,

S. A. PERRY,

President.

Toronto, Ontario,
May 26, 1969.

PARAMAQUE MINES LIMITED

(Incorporated under the laws of Ontario)

Balance Sheet – December 31, 1968

(with comparative figures at December 31, 1967)

	1968	1967
ASSETS		
CURRENT ASSETS:		
Cash	\$ 13,366	\$ 12,262
Due from underwriter		58,000
Deposit on drilling contract		2,000
Marketable securities, at cost (quoted market value \$2,550)		3,282
Prepaid expenses	52	
	13,418	75,544
MINING CLAIMS AND OPTION (note 1)	1,040,000	1,039,500
DEFERRED EXPLORATION AND DEVELOPMENT EXPENDITURES	224,663	191,184
	<u>\$1,278,081</u>	<u>\$1,306,228</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 3,056	\$ 4,122
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (note 2)		
Authorized — 7,500,000 shares, par value \$1 each		
Issued — 5,823,372 shares (5,793,372 shares in 1967)	5,823,372	5,793,372
Less discount thereon	4,164,777	4,139,277
	1,658,595	1,654,095
DEFICIT	383,570	351,989
	1,275,025	1,302,106
	<u>\$1,278,081</u>	<u>\$1,306,228</u>

Approved by the Board.

G. D. PATTISON, Director.

R. D. BELL, Director.

AUDITORS' REPORT

To the Shareholders of

Paramaque Mines Limited

We have examined the balance sheet of Paramaque Mines Limited as at December 31, 1968 and the statements of deferred exploration and development expenditures, deficit, administrative expenses and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of account records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1968 and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
January 23, 1969.

THORNE, GUNN, HELLIWELL & CHRISTENSON
Chartered Accountants

PARAMAQUE MINES LIMITED

Statement of Deferred Exploration and Development Expenditures

Year ended December 31, 1968
(with comparative figures for 1967)

	1968	1967
Assays	\$ 391	\$ 271
Consulting and engineering fees	3,319	850
Diamond drilling	34,305	3,534
Government fees and licenses	608	498
Managing director's salary	6,000	6,000
Supplies	177	40
Transportation	1,929	809
Wages	1,090	
General expenses	547	148
Expenditures for the year	48,366	12,150
Balance deferred at beginning of year	191,184	206,008
	239,550	218,158
Exploration and development expenditures written off to deficit	14,887	26,974
Balance deferred at end of year	<u>\$224,663</u>	<u>\$191,184</u>

SUMMARY

LOCATION	Balance at beginning of year	Expenditures during year	Transferred to deficit	Balance at end of year
Bourlamaque Township, Quebec	\$124,272	\$ 392		\$124,664
Drury Township, Ontario	1,545	7,080	\$ 8,625	
Langmuir Township, Ontario	17,007			17,007
Reid Township, Ontario	19,385			19,385
Watten Township, Ontario	28,975			28,975
Eldorado Township, Ontario		34,632		34,632
General exploration		6,262	6,262	
	<u>\$191,184</u>	<u>\$48,366</u>	<u>\$14,887</u>	<u>\$224,663</u>

PARAMAQUE MINES LIMITED

Notes to Financial Statements (Continued)

Year ended December 31, 1968

Eldorado Township:

By agreement dated February 29, 1968, the company acquired an option to purchase 10 leased mining claims in Eldorado Township, District of Temiskaming, Ontario. During the year the company paid \$3,500 and issued 30,000 shares of its capital stock to the optionors under the terms of the agreement.

In January 1969, the company issued an additional 70,000 shares of its capital stock to the optionors to exercise its option to acquire the claims.

Under an agreement dated January 3, 1969, McWatters Gold Mines Limited will do 5,000 feet of drilling or spend a minimum of \$35,000 on drilling on these claims. In consideration for the drilling, McWatters will receive a 70% interest in the claims. If McWatters elects to proceed with additional work after completion of the drilling program, Paramque may elect to contribute 30% of the cost of such additional work. If the company does not elect to contribute, its interest in the claims will decline at the rate of 2% per \$1,000 in expenditures to a minimum of 15%.

2. CAPITAL STOCK:

Issued or to be issued:

	<i>No. of shares and par value</i>	<i>Discount</i>	<i>Net</i>
Balance at December 31, 1966	5,366,705	\$3,776,610	\$1,590,095
To be issued:			
For cash (see below)	386,667	328,667	58,000
For option on mining claims	40,000	34,000	6,000
	426,667	362,667	64,000
Balance at December 31, 1967	5,793,372	4,139,277	1,654,095
For option on mining claims (note 1)	30,000	25,500	4,500
Balance at December 31, 1968	5,823,372	\$4,164,777	\$1,658,595

Option agreement:

By agreement dated November 22, 1967, an underwriter was granted an option to purchase 193,333 shares in the company at 20¢ per share on or before April 8, 1968. This option, however, was not exercised.

3. OTHER STATUTORY INFORMATION:

Direct remuneration of directors and senior officers (as defined by The Corporations Act, Ontario) amounted to \$7,000 in 1968 (1967, \$7,000).